

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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April 23, 2014 - The bounce back rally lived another day and the Dow Theorists were all abuzz over a new all-time high in the transportation average. The industrials are about 120 points away from a new high and if that happens then we are "supposed" to reconfirm the primary bull market.

We still look at volume even though it does not carry the same weight it used to carry. Check out the chart of the DJTA in the Index Charts of the Day section. Volume has been falling during the entire bounce and the stocks in this average are not exactly the ones in trading strategies, high frequency trading and ETFs. In other words, we are more inclined to read the message of volume here than in, say, a technology or internet index.

And what about the Nasdaq? It is still below its broken trend channel and 50-day average (chart below). Same for the Russell 2000 small cap index.

We cannot call this a split market as we might when the Hindenburg Omen fires (lots of new 52-week highs and lows at the same time). And the Titanic Syndrome we mentioned briefly a few days ago seems to be a moot point. But a Nasdaq and small cap sector that is lagging like this is not a good thing.

Don't forget, we are rapidly approaching May and the seasonal summer slowdown.

And now let's look at the good side. Canada, Australia and India stock markets hit fresh new highs this week. It is hard to call for a global slowdown when three major markets look like that.

Even though the Nasdaq is down, the NYSE advance-decline also reached a new high. Wait, what? How can that be if there was a Titanic signal a few days ago (more new lows than highs close to a price high)?

We do not have the answer but it does suggest taking it easy here. The S&P 500 is still in a range and we'll have to wait for it to break one way or the other before acting. Which way? The fade in many sectors is still there even though some, such as biotech, made some big rebound moves.

And all four horsemen - tech, finance, housing, retail - are still lagging the market.

Crude oil backed down hard from resistance at the top of a multi-year triangle pattern. Energy stocks yawned with a minor decline.

Gold scored a hammer candle at support and this might be a better time to give it a go. Waiting for the May 3 121 and change price/time target may be too aggressive, especially since gold stocks seem to have found a footing. However, we do not want emotion to drive this decision. The trend is still rather weak and the hammer was rather small. Chart below.

The hourly **SPY** chart is on the next page....

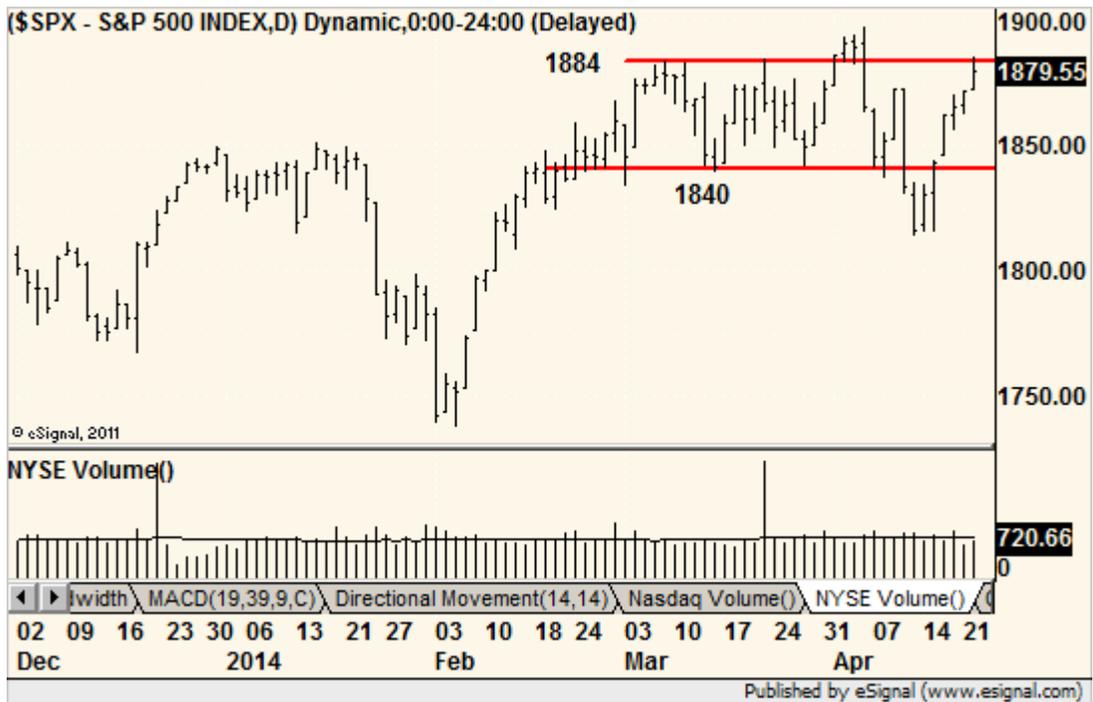


The hourly chart ran higher than we thought it would but it is back at the old trading range top. Is this a Bugs Bunny cartoon where the villain draws a line in the sand? Bugs crosses the line and the villain draws a new one. "Cross this line and you die." Bugs never dies.

We'll invoke the old market saw that says "the market can remain irrational longer than you can remain solvent." But sooner or later - later, in this case - it will succumb to the bad stuff. Our job is to remain alive until it does - or in case it doesn't.

We do not see a new leg up developing but we cannot deny that has been the nature of this post-Fed bull market.

Index Charts of the Day



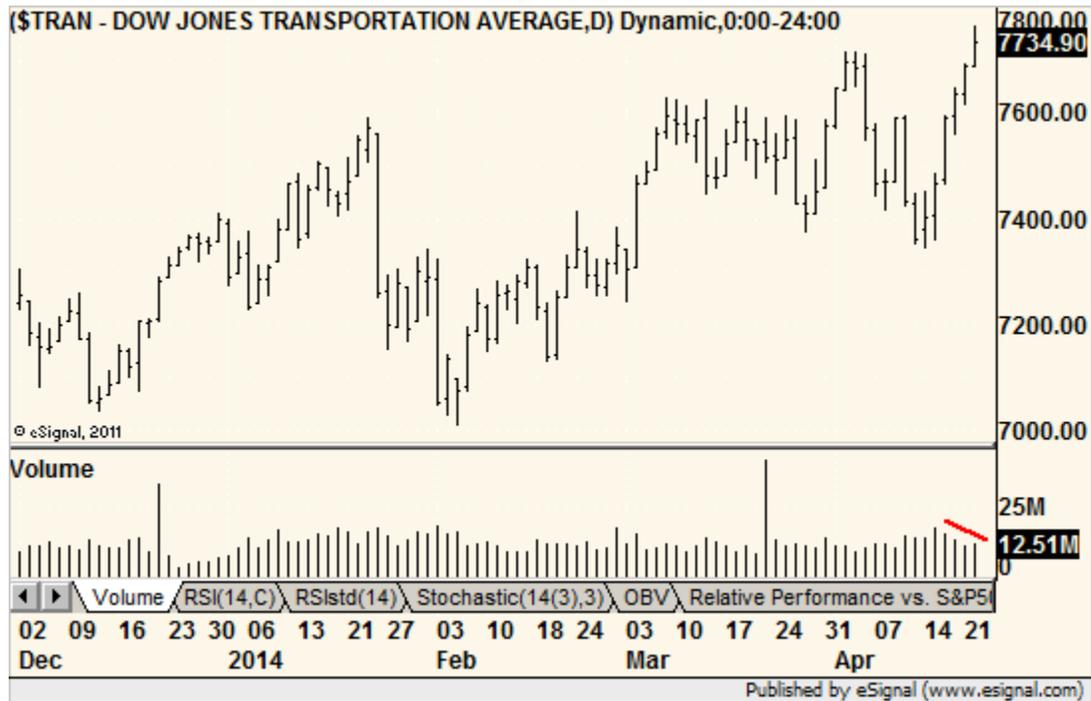
Top o' the range to ya, this mornin'.



The Nasdaq is still broken. Note stochastics still below 50, suggesting no power in this rebound.



Russell 2000 still lagging badly.



Transports hit a new high but volume fell every day with a small pop up Tuesday afternoon - when prices were falling.

The Radar Screen

This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances in the Radar Screen or the last major update. We do not take "buy/sell on close" triggers or "at the open" triggers if the stock moves more than 4-5%. See <http://quicktakespro.com/radar.html> for all Radar Screen rules and terms.

Bullish Implications		
none –		
Bearish Implications		
Computer Associates CA - This software stock is in decline. We are looking for a rebound to test the trendline, both major averages and resistance at 30.75 but it came close enough. Selling now.	Triggered	4/15
Goldman Sachs GS - Jumped on earnings (actually revenues) and is now testing its support break. This would be a good place to sell it but we want to be sure the market's bounce is over first. Let's put a higher trigger on it to reduce risk. Selling now.	Changed	4/17
Broadcom BRCM - Looking for a bounce to test the breakdown. Sell 30.50 where the 50-day average is. That is also just below broken trendline.		4/15
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Nike NKE - Weekly double top in progress. If the bounce stalls at last week's high and then the stock falls, it would set up a big short on the support break. <u>Starting to move too far from trigger. One more day.</u>		4/9
Gold ETF GLD - Back on the 200-day average and 50% retracement. Still not ripe at this time. Looking at May 5 at 121.85 - both .618 Fibonacci levels.		3/19
Netflix NFLX - Just watching to see if a head/shoulders develops		4/22
Priceline PCLN - At the crossroads of two trendlines.		4/22
Amazon AMZN - A bearish reversal on a market up-day is not good. Note both major averages as resistance.	New	4/23
Boeing BA - Jumped on earnings in the premarket. Now trading at resistance. Fellow defense stock NOC also jumped on earnings. The entire defense sector looks better.	New	4/23
Johnson Controls JCI - An autoparts and building controls maker in a triangle. Also being squeezed by its averages. So far, no breakout but we'll watch.	New	4/23
Sector Watch (observations that may spark ideas)		
Energy - Resilient and leading		3/31
Utilities - Still looking strong. Concerned over bearish reversal Thursday.		3/31
Natural Gas stocks \$FUM - Leading		4/4
Sectors that rolled over - Drugs, biotech, Internet, Brokers, Software		4/14
Financials - Watching these three area representatives. If they break then the market will be a step closer to a serious breakdown - KBE, AXP, MTG . Adding ETFC as a canary in the coal mine. JPM , too. MTG too strong.		4/15
Updates		
none -		

Market Highlights



Amazon - A bearish reversal on a market up-day is not good. Note both major averages above as resistance.



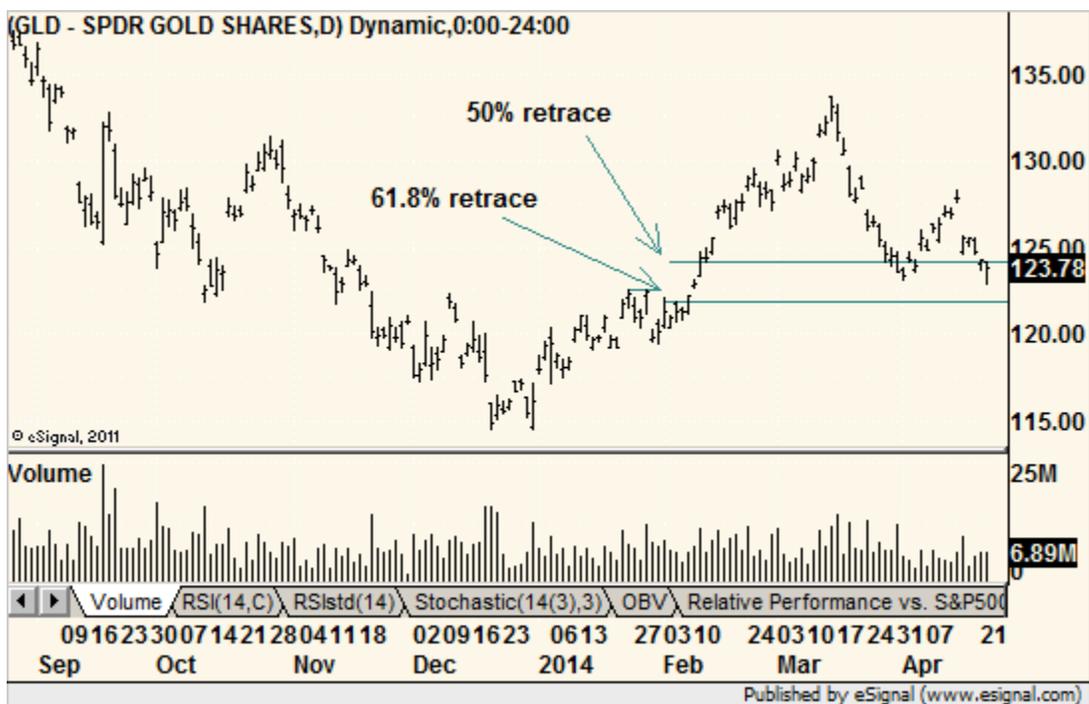
Boeing - Jumped on earnings in the premarket. Now trading at the resistance line shown. Fellow defense stock **NOC** also jumped on earnings. The entire defense sector looks better.



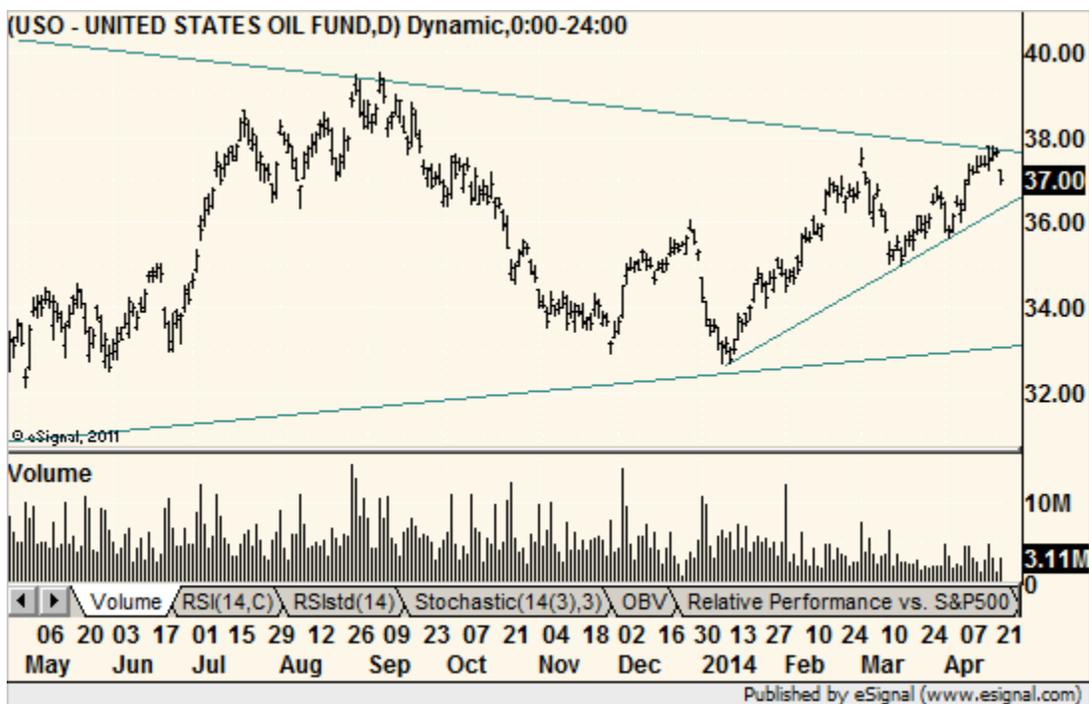
Johnson Controls - An autoparts and building controls maker in a triangle. Also being squeezed by its averages. So far, no breakout but we'll watch.



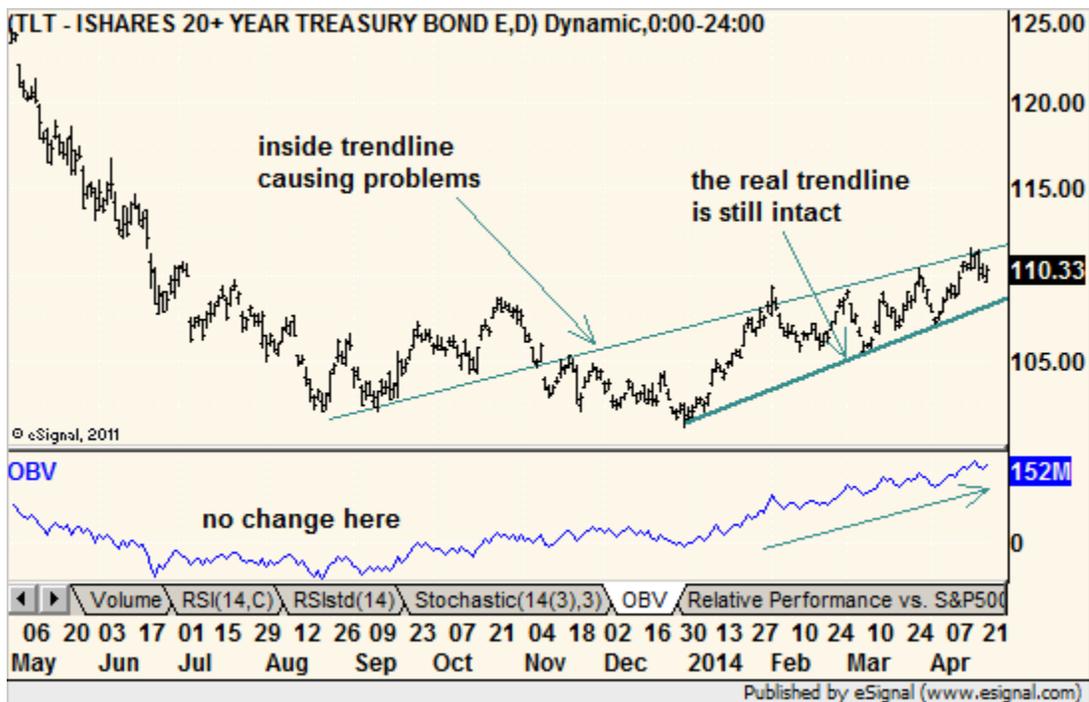
Biotech ETF - Big bounce now between two Fibonacci levels. Still below the 50-day.



Gold ETF - Tuesday's hammer candle (bars shown above) was tiny and the trend is still down from March. Therefore, while tempting to buy this test of support we are going to err on the side of caution and wait a bit longer. If it breaks out to the upside, so be it. Risk was reduced. We are still looking for a May 3 bottom at 121.85 (although that kind of precision is just a guide).



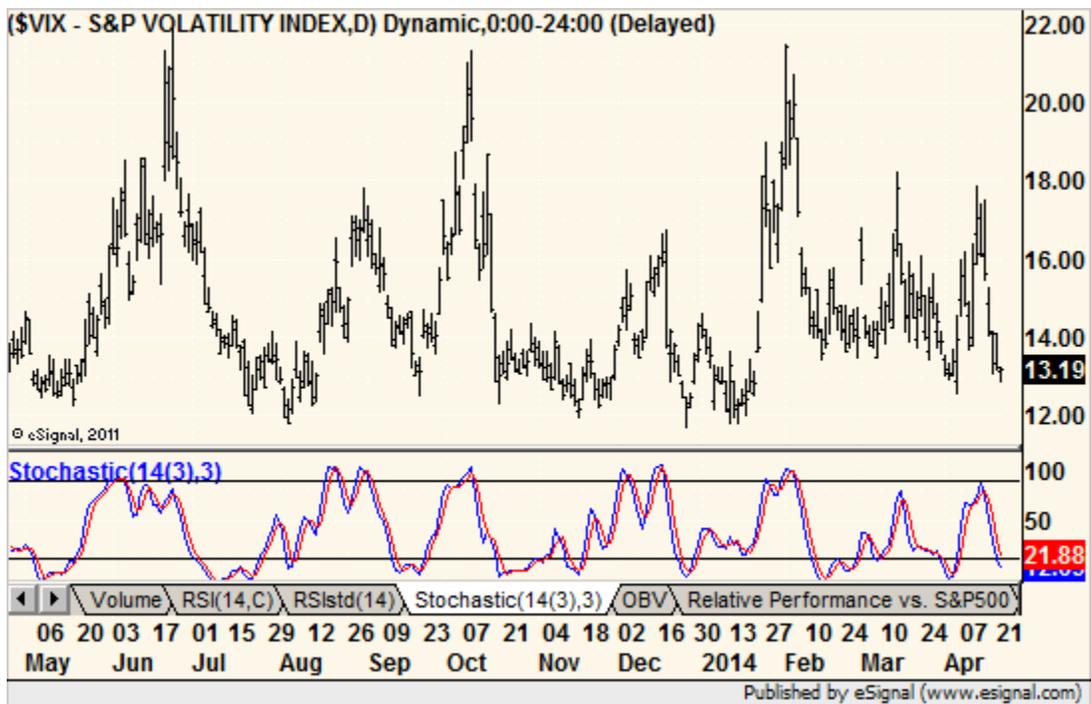
Oil ETF - Just keeping up with this market. Big fall from resistance but the short-term trend is still up.



Long T-bond ETF - still rising with money flowing in. Recent reversal not hurting too badly.



US dollar index - Looks like it is heading back to support.



VIX - Getting low enough again to suggest complacency. Probably not a good idea to chase the current market rally.

Advice Tracker

This is a list of stocks that have triggered buys or sells and not a recommended portfolio. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in **red** mean that the position was stopped out. Stops in **red** were changed. Any position that moves in the desired direction and then reverses by 5% from the extreme that day is an automatic stop out. This is to compensate for the inability of this once per day newsletter to alert subscribers to the reversal.

	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	HR	HEALTHCARE RLTY TR	24.83	-0.3%	24.00	24.91	4/15	7
	ED	CONSOLIDATED EDISON INC	56.85	1.7%	55.50	55.89	4/15	7
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.50	-0.4%		25.39	3/11	42
	ACHC	ACADIA HEALTHCARE COMPANY INC	41.81	10.2%	44.00	46.09	3/11	42
	UPS	UNITED PARCEL SERVICE INC	99.00	-3.0%	100.00	96.00	3/21	32
	CVS	CVS CAREMARK CORPORATION	73.24	0.8%	76.00	73.85	4/7	15
	WYNN	WYNN RESORTS LTD	212.00	-2.8%		206.00	4/15	7
	CA	COMPUTER ASSOC	30.53	-0.2%	32.00	30.46	4/22	7

Notes: Two shorts were stopped out and one new one (**CA**) was added. **JNPR** floundered around during the entire time we had it and the loss was minimal. **WYNN** was a disappointment in that the setup for the stock and the sector looked pretty good.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Other Information

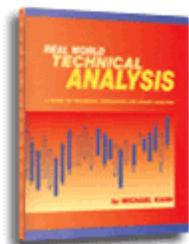
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently on financial television including PBS' Nightly Business Report.



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